

TOSCO CORPORATION
11100 EAST BETHANY DRIVE
P. O. BOX 441464
AURORA, COLORADO 80014-1439
303/696-2700

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Copy to Pam,
Tam P.

JIM

AUG 20 1982

August 11, 1982

CORPORATE OFFICES
10100 SANTA MONICA BOULEVARD
LOS ANGELES, CALIFORNIA 90067
213/552-7000

Mr. James W. Smith, Jr.
Coordinator of Mined Land Development
State of Utah Natural Resources and Energy
Division of Oil, Gas and Mining
4241 State Office Building
Salt Lake City, UT 84114

Dear Mr. Smith:

We appreciate your letter of August 2, 1982 and the issuance of conditional approval for Phase I of the Sand Wash Shale Oil Project, the Development Shaft and Mine. We understand the limits to the approval, in particular the incremental bonding limit.

In response to the three conditions contained in your letter, Tosco offers the following:

(1) Tosco anticipates that there will be four stages of reclamation performance bonding activity for the Development Shaft phase of the project. The first stage will cover shaft-site preparation, the second will increase to cover shaft construction, and the third will increase to cover mining and stockpiling of oil shale. The fourth stage would be a reduction in bond amounts during reclamation if the Project does not advance to the second and third phases. Shaft-site preparation is anticipated to start in early 1983. Shaft construction is anticipated to start in the third quarter of 1983. Initial mine development, with attendant production of run-of-mine oil shale, is anticipated to start during the fourth quarter of 1985. Requests for revisions to the bond will be filed as far in advance of the scheduled activities as possible. Table 1 shows the activities to be conducted, the approximate acreage involved, and the duration of activities.

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OIL, GAS & MINING

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It is Tosco's intent to initiate and pursue to completion the development shaft phase of the Sand Wash Shale Oil Project in a deliberate manner, according to this schedule. Construction is scheduled to begin once permits are obtained and financing arrangements are completed. Tosco is currently negotiating the necessary financial arrangements and the completion date of these negotiations is not known. Further the schedule could be changed based on variables that cannot be defined until the Project is underway. Tosco intends to secure bonding approvals incrementally, i.e. for each major element of project construction, prior to commencing construction on each stage.

(2) As you know, based on discussions with the Division of State Lands and Forestry, the seed mixture to be used in the revegetation plan for the development shaft site will emphasize those species palatable to livestock. However, there is no plan to exclude non-palatable species entirely, but to reduce their proportion in the mixture. One benefit of including plant species of low palatability is that over-grazing, trampling and excessive erosion and soil compaction are avoided. Species of low palatability, such as rabbitbrush or shadscale will be used at 1/4 the rate of palatable species. Additionally, rapid establishment species will be used where erosion control is desirable.

(3) The bond was transmitted to the Division of State Lands and Forestry with a copy to your offices on August 3, 1982 by certified mail.

We believe this responds satisfactorily to all conditions. Response 2 was discussed with John Blake. By copy of this letter, we are also providing this information to Mr. Blake.

Sincerely,



William Dixon Shay, Jr.
Government Relations Specialist

cc: J. T. Blake (Div. of State Lands & Forestry)
S. Kefer (DOGM)

TABLE 1

SAND WASH SHALE OIL PROJECT
DEVELOPMENT SHAFT PHASE
ANTICIPATED RECLAMATION PERFORMANCE BOND INCREMENTS

<u>Stage</u>	<u>Activities</u>	<u>Acres</u>	<u>Activities Duration</u>	<u>Bond Amount*</u>
1.	Sedimentation pond, topsoil removal at shaft site, shaft-site leveling, fencing	18.7 acres	Start Early 1983 and continue through 3rd quarter 1983	\$120,423 ⁽¹⁾
2.	Shaft construction, mine water retention pond, additional temporary buildings, topsoil removal from retention pond area (where present), diversion ditches. Shaft sealed by backfilling until depth increases.	about 33 acres	Start 3rd quarter 1983 and continue through 4th quarter 1985	\$675,500 ⁽²⁾
3.	Development of Experimental Mine, stockpiling of run-of-mine oil shale (add 6.2 acres to total disturbed area)	39.1 acres (bonded for 40 acre disturbance)	Start 4th quarter 1985 and continue through mid-1987	\$896,000 ⁽³⁾
4.	Reclamation of land surface alter shaft closure and building removal (reclamation monitoring)	39.1 acres	Start mid-1987 through mid-1990	\$121,000 ⁽⁴⁾

(1) Calculated amount in Tosco's letter of 22 July 1982

(2) Calculated amount in Tosco's letter of 29 December 1981

(3) Calculated amount in Tosco's application of 29 December 1981, p. 73

(4) Calculated from Tosco's application of 29 December 1981, p. 73 -- "Revegetation" only. Amount to be adjusted for "non-vegetated" areas upon submission of supporting information to and approval by Utah DOGM. Amount should also be subject to additional reduction based on successful establishment of vegetation each year.

* Cumulative total.